



# Export News

Fall 2003

## TRADE INFORMATION

### Advance Fee Fraud and Types of Advance Fee Fraud Scams

The connection between the various types of Advance Fee fraud is the demand for advances fees or payments before the promised transaction. The fee requested usually comes in the form of: Legal Fee, ESOWAS Fee, Drug Clearance Fee, Value Added Tax (VAT), Audit Fee, National Economic Recovery Fund, Terrorist Certificate, Transfer Fee, Processing Fee, Licensing Fee, Registration Fee, Communication Fees, Storage Fee, Release Fee, Legal Fee, Transaction Fee, Insurance Fee, Bribe: Gift To Government Officials, Demurrage, Etc. Samples include Contract Scams, Will Scam, Security Deposit, Donations Scams, Black Money, Credit Card & Counterfeit, and the Nigerian Hot Jobs scam. See the advisory information at [www.treas.gov/usss/alert419.shtml](http://www.treas.gov/usss/alert419.shtml) or [www.secretservice.gov](http://www.secretservice.gov)

### Cancun Ministerial: The Doha Development Round at Mid-Point

The Trade Ministers and other officials from the 146 World Trade Organization (WTO) Members met in Cancun, Mexico on September 10-14, 2003. Quoted from *Confrontations Doomed WTO Cancun Meeting*, Zoellick Says "The breakdown occurred over measures that would have simply facilitated trade and helped land-locked countries by ensuring prompt release of goods, publication of procedures, and timely and fair rulings on customs questions... Many countries – developing and developed – were dismayed by the transformation of the WTO into a forum for the politics of protest. Some withstood pressure to join the strife from larger developing neighbors. Of course, negotiating positions differed. But the key division at Cancun was between the can-do and the won't do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries." (For the entire article by Robert Zoellick, visit <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2003&m=September&x=20030922141341ikceinawza0.9353601&t=xarchives/xarchitem.html> )

### Export Tax Break Survives so far in 2003

The Extraterritorial Income Exclusion (IRS Form 8873) is an export tax break that has been available since Oct. 1, 2000. In many cases, it can keep the Internal Revenue Service from taxing 15% of your net income or 1.2% of your gross receipts (not to exceed 30% of the net) from the export sale of qualified U.S. origin products. The World Trade Organization says this tax mechanism is an illegal export subsidy that violates WTO rules. Congress is slated to pass legislation this autumn to get it out of the U.S. Tax Code. We are not sure yet what the effective date of the new legislation will be. If Congress says the benefit won't apply after Sept. 30 or Dec. 31, then there may be three or four calendar quarters of eligibility left in 2003. You can download the 2002 version of IRS Form 8873 and the IRS instructions for the filling it out from the website <http://www.irs.gov>. No 2003 version has appeared yet, pending resolution of this matter by Congress.

### Machine Readable Passports for Visa Waiver Program Travel Postponed

The Secretary of State has granted a postponement until Oct. 26, 2004, as the date by which Visa Waiver Program travelers from 21 countries must present a machine-readable passport at a U.S. port of entry to be admitted to the country without a visa. The countries for which the postponement has been granted are: Australia, Austria, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Monaco, Switzerland, and the U.K. Each country to which this postponement was granted made a formal request and certified that it is making progress toward ensuring that machine readable passports are available to its national and that it has taken appropriate measure to protect against misuse of its non-machine-readable passports. Five other eligible countries did not request a postponement of the effective date, because virtually all of their citizens already have machine-readable passports. Those countries are Andorra, Brunei, Lichtenstein, Luxembourg, and Slovenia. The Secretary's authority to postpone the effective date for a visa waiver country's citizens to present a machine-readable passport is contained in the USA Patriot Act, which legislated the requirement for visa waiver travelers. Citizens of Visa Waiver Program countries are permitted to enter the U.S. for general business or tourist purposes for a maximum of 90 days without needing a visa. For more information, contact the State of Department Public Affairs Office at <http://contact-us.state.gov>

**The U.S.  
Department of  
Commerce's  
(USDOC)  
U.S. Export  
Assistance  
Center Serving  
Central Texas**

P.O. Box 12728  
Austin, TX 78711  
512-916-5940 fax  
[www.export.gov](http://www.export.gov)

Karen Parker –  
International Trade  
Specialist  
512-916-5939

Larry Tabash –  
International Trade  
Specialist  
512-936-0039

IzaLaura Morales  
Trade Assistant  
512-936-0441



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## **Multilateral Development Bank**

- **Inter-American Development Bank Procurement Notices on the Web:** As of May 2003, the IDB Projects Online site ceased to exist. In an effort to increase transparency and to facilitate access to information on IDB projects and procurement opportunities, the IDB has migrated the information heretofore contained in IDB Projects Online to a new website <http://www.iadb.org>. Look to the left side under Projects and click Procurement.
- **Multilateral Development Bank Liaison Officers:** The U.S. Commercial Service maintains liaison officers for the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank. Call the Austin USEAC for more information or contact Barbara White at 202-623-3822 or [Barbara.white@mail.doc.gov](mailto:Barbara.white@mail.doc.gov)
- **Navigating Your Way Through the World Bank Website:** The US Commercial Service Liaison Office to the World Bank has put together a document to assist US companies with participating in World Bank projects. The document is available from our office or you can contact Eric Henderson, Business Liaison, at [Ehenderson@worldbank.org](mailto:Ehenderson@worldbank.org) or 202-477-2967. Visit the World Bank Website at [www.worldbank.org](http://www.worldbank.org).
- **North American Development Bank:** Free Trade Alliance San Antonio and the North American Development Bank invite you to participate in the Sixth Annual Business Opportunities Seminar with the Multilateral Banks October 9-10 at the Holiday Inn Riverwalk. Come hear speaker representatives from the Asian Development Bank, Inter-American Development Bank, North American Development Bank and the World Bank speak on how environmental projects are developed through the multilateral developing bank's process including bidding and other procedures for obtaining contracts pertaining to equipment, civil works and consulting. For more information and to register, please call Ms. Gina Ochoa at 210-229-9036.

## **New Features on Commerce Department Website**

- **Commercial Service Market of the Month.** The site ([www.export.gov](http://www.export.gov)) will highlight an overseas market each month, with items such as success stories, news articles, market research, and upcoming trade events in the featured market. Poland is featured this month. U.S. firms are encouraged to visit the website for worldwide export information.
- **Featured U.S. Exporters Program (FUSE)** highlights U.S. exporters who are targeting a specific country market in their exporting endeavors. The companies featured on FUSE have either participated in one of our recent trade events or have attended exporting seminars run by our offices in the USA. For more information visit [www.export.gov](http://www.export.gov) and select an overseas posts of your choice and each post will have a link to the new program.

## **New USTR Agreements Will Slowly Eliminate Drawback Rights**

Exporters receiving duty drawbacks refunds or using a duty deferral program such as foreign trade zone (FTZ) could soon lose these valuable benefits. Unless exporters act quickly, in a few short years drawbacks and duty deferral could be eliminated in the entire Western Hemisphere. The U.S. Trade Representative is seeking to restrict or eliminate these programs under various free trade agreements (FTAs) currently being negotiated. The recently signed U.S.-Chile FTA contains such restrictions and the USTR will seek similar limitations in FTAs being negotiated with most countries in the Western Hemisphere (Central American and the Free Trade Area of the Americas nations) as well as Australia, Morocco, and the Southern African Customs Union. Duty drawback is a refund program that provides exporters with a refund of 99% of the Customs duties paid on importer products or components that are then exported or used to manufacture finished goods that are then exported. Duty deferral programs such as FTZs are facilities within the U.S. that are considered outside of the U.S. Customs territory. Deferral programs allow the user to import finished goods or components into the facility and then export either those same goods or products manufactured in the facility, all without paying duty. Both of these programs provide a tremendous benefit to U.S. exporters and are the last remaining legal export incentive programs available under internal rules. The USTR has asked for comments regarding its current policy on drawback and deferral programs in FTAs. Exporters are urged to let the USTR know how they feel about these restrictions. Comments should be e-mailed to [FR0079@ustr.gov](mailto:FR0079@ustr.gov) or mailed to Ms. Sarah Sipkins, Director for Market Access, Office of the USTR, 600 17<sup>th</sup> St. N.W., Room 422, Washington, D.C. 20508.

## **Open Account Protection**

New exporters who may be unfamiliar with international payment options most frequently request Cash in Advance as their method of sales. As you can imagine, by quoting such payment terms, the exporter limits his international sales potential, since competitors might be offering significantly better terms. An option for the exporter to protect his open accounts is to buy credit insurance on these overseas accounts receivable. These policies normally will insure the accounts receivable 90% to 95% against commercial risk (that the buyer won't pay) and 95% to 100% against political risk (that nonpayment will be the result of some foreign government action). To insure your accounts receivable worldwide could cost less than three-quarters of 1% of the invoiced amount, depending on the quality of buyers and country risk involved. By insuring overseas accounts receivable, an exporter might be able to accept orders that normally would have been turned down because of the overseas risk, which would be passed on to the insurer. Such insurance would also allow the exporter to borrow against the insured accounts receivable since, from a lender's point of view, the risk has moved from a foreign country to a major insurance company or the U.S. government. If you would like more information on this insurance program, please contact your Austin USEAC.

## **Tariffs and Taxes**

To locate country tariffs, go to [www.export.gov](http://www.export.gov), click on "Shipping & Documentation", then click on "Tariffs & Taxes". An other option for finding tariffs and taxes is to visit <http://wxportlT.ita.doc.gov>, where the Information Technology Industry division of the US Commercial Service has compiled all countries tariff and taxes on computer hardware and software imports.



## Austin USEAC Guide for International Reps

Make an appointment to meet with your Austin USEAC International Trade Specialist who can advise you on ways to find key contacts in foreign markets. In addition, they can supply you with a "A Guide to Locating, Screening, Selecting, Managing and Motivating International Representatives". It includes a perspective questionnaire, a checklist to evaluating foreign agents and distributors, a sample of a prospectus of a fact sheet, and much more.

## COUNTRY INFORMATION

### "Asia Now" Online Service

The U.S. Commercial Service (USCS) invites U.S. firms to visit its "Asia Now" online resource center. The site brings together the resources of USCS offices in 14 Asian countries and its Export Assistance Centers across the U.S. to provide firms information on regional trade events, USCS services, and market research. Visit [www.buyusa.gov/asianow](http://www.buyusa.gov/asianow) for the following export markets: Australia, Indonesia, Philippines, Thailand, China, Japan, New Zealand, Vietnam, Hong Kong, Korea, Singapore, India, Malaysia, and Taiwan.

### Japan

Signs of the long-awaited recovery of the Japanese economy, we believe, have finally begun to appear. Government reforms to strengthen the financial system and to restore confidence so that consumer spending can grow again are starting to take hold. CS Osaka is offering an initial analysis – at no charge – of goods and services in terms of potential in the market and a preliminary Japan Market Entry Plan. If possible, CS Osaka will also add our judgment about joint venture/localization possibilities as well as known regional potential within the sector.

### FEATURED INTERNATIONAL EVENT CeBIT 2004 The Global IT Showcase March 18-24, 2004 Hannover, Germany

The largest and most influential ICT trade show in the region covers the entire spectrum of information technology, telecommunications, software and services. Over 850 companies exhibit the very latest integrated technology solutions, informing and influencing more than 162,000 visitors from over 50 countries. Catalog show prices start at \$200. For more information contact Larry Tabash at 512-936-0039 or [larry.tabash@mail.doc.gov](mailto:larry.tabash@mail.doc.gov)

### Destination Central America (CAFTA) – November 3, 2003

This program will cover doing business in Central America and what you need to know about the Central American – U.S. Free Trade Agreement (CAFTA), and its effect on business relationships and economic growth, and enforcement of U.S. international trade agreements. Any firm interested in doing business in Central America anyone interested in International Trade, Consultants, Bankers, or Lawyers should attend. For more information and to register, call 512-223-7290 or email [ibi@austincc.edu](mailto:ibi@austincc.edu)

### Globalization & Technology: A Dialogue on Policy Issues – October 17, 2003

IEEE-USA and IEEE-Central Texas Section is a one-day forum that is designed to foster open discussion among government, academic and corporate leaders in a forum focused on the effect of globalization public policy and technology. For more information visit [www.ieee-centraltexassection.org](http://www.ieee-centraltexassection.org)

### BIS Complying with U.S. Export Controls – December 4 - 5, 2003

The two day program held at the Embassy Suites Hotel in North Austin, is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. This program is well suited for those who need a comprehensive understanding of their obligations under the EAR. To register for the event call 512-223-7292 or [ibi@austincc.edu](mailto:ibi@austincc.edu).

### Local and International Events

For local events, please visit [www.fyiaustin.com](http://www.fyiaustin.com)

For international events, please visit [www.export.gov](http://www.export.gov) and look at "Trade Shows and Events"

## USEFUL WEBSITES

[www.importexporthelp.com](http://www.importexporthelp.com)

The Import Export International Business to Business Help center. B2B resource website will provide you with international business-to-business resources.

[http://www.ustr.gov/regions/asia-pacific/2002-12-13-singapore\\_facts.pdf](http://www.ustr.gov/regions/asia-pacific/2002-12-13-singapore_facts.pdf)  
[http://www.ustr.gov/regions/whemisphe/re/samerica/2002-12-11-chile\\_facts.pdf](http://www.ustr.gov/regions/whemisphe/re/samerica/2002-12-11-chile_facts.pdf)

U.S. Trade Representative website. Information can be found on the new Singapore and Chile FTA's.

<http://menic.utexas.edu/reenic/countries/russia.html#Economics>

A useful gateway to Russia at the University of Texas' REENIC.

<http://www.bisnis.doc.gov/bisnis/fcp1.htm>  
Foreign Corrupt Practices Act website. Information can be found about guidelines under the Act.

<http://gsociology.icaap.org/>  
Website with useful links to sociological data, such as demographic studies, population statistics, country profiles, economic theory, etc.

<http://www.europages.com>  
Business directory listing 500,000 companies selected for their import-export dynamism in all business sectors in over 35 European countries.